



SMALL AND MEDIUM ENTERPRISE DEVELOPMENT PROJECT IN CENTRAL ASIA

ANNUAL REPORT

September 1, 2000 - September 1, 2001

Implemented by the Pragma Corporation
Funded by the United States Agency for International Development

Letter from the Chief of Party



Over the first year of the USAID Small and Medium Enterprise Development Project in Central Asia, the project grew to become a strong support for enterprises in Central Asia. During this period, Pragma opened offices in each of the Central Asian Republics and began offering a variety of services through local and expatriate staff, locally based training providers, and business and professional organizations. Looking ahead, the second year of the project has greater potential as the various activities are honed and expanded in each Republic.

Small and medium-sized enterprises are crucial for economic growth. The SME sector can make significant contribution towards the achievement of social and economic objectives such as employment generation, income distribution, rural development, poverty eradication, and balanced economic growth. And, it is a key component in the transition to a free market economy. For this reason, this project focuses on small and medium-sized enterprises and promotes modern business practices, the transfer of technical knowledge and skills, and the dissemination of relevant and practical information necessary to make educated and timely business decisions.

During the first year, the project reached more than 11,000 individual training participants through partnerships with over one-hundred local training providers in Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. Additionally, the project reached 1500 businesses in Kyrgyzstan, completing over 450 assessments that lead to individual consulting assignments and training events.

Over the next year, the project will add new service offerings in conjunction with the Trade and Investment Project funded by the United States Agency for International Development. Through the creation of Enterprise Development Centers, the projects will offer integrated assistance that includes business advisory services, regional trade promotion, customs trainings, quality management assistance, and support for the removal of investment constraints. The project will also offer customized and industry-specific business trainings and additional accounting courses.

Pragma is proud to be a part of the United States Agency for International Development's efforts. We look forward to another year of implementing the SME Development project and working with the SME community, local partners, government agencies and other donor agencies that assist the project in so many ways. We are grateful that we have a committed staff and local partners that support and drive the project's mission and USAID's vision for small and medium enterprise development in Central Asia.

Sincerely,

Mark Grubb,
Chief of Party



The mission of USAID's **Small and Medium Enterprise Development Project in Central Asia** is to advance the ongoing integration of Central Asia's SME sector into the global market economy by empowering this community with the tools necessary to enhance its economic environment. The project promotes modern business practices, the transfer of technical knowledge and skills, and the dissemination of relevant and practical information necessary to make educated and timely business decisions. Pragma strives to achieve its strategic goal of improving the environment for growth of small and medium enterprises by increasing opportunities to acquire business information, knowledge and skills.

Operational since September 2000, the Project focuses on support for the local business community, institutes of business education and training, professional accounting, auditing, and business associations, aspiring entrepreneurs and future business leaders. During the first year, the project delivered from eight offices in five countries and through the following areas:

Business Advisory Services focused on enhancing the knowledge and skill base of the SME community through roundtable discussions, workshops and ongoing sector-specific consultancies, and increasing cross border trade within the Central Asian Republics by linking the region and developing local supply networks;

Business Training focused on seven distinct disciplines utilizing adult training methodology, designed for businesspeople and next generation entrepreneurs in the SME sector and tailored industry and company-specific trainings;

Accounting Reform Initiatives, based on international accounting standards and practices, consisting of existing practitioner retraining, university curriculum redesign, and the implementation of a standardized program for Professional Accountancy development, including education and training, examinations, international certification and professional association membership;

Institutional Capacity Development for professional business, accounting and auditing associations.

This publication has been made possible through the support of the United States Agency for International Development (USAID) and is intended solely for informational purposes

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Business Advisory Services

OBJECTIVES

The main objective of the Business Advisory Services (BAS) is to strengthen technical and functional skills in the small and medium enterprise sector and increase trade within and across borders. The BAS enhance the knowledge and skill base of the SME community through ongoing sector-specific consultancies, roundtable discussions, and workshops and enable participating SMEs to develop functional procedures based on best world practices of management, production, quality control, and delivery of either services or products.

The advisory services target companies that are legal entities, have between 10 to 500 employees, are 75% or more privately owned, and are 67% or more locally owned.

BENEFICIARIES & PARTNERS

Pragma's Business Advisory Services are staffed by highly qualified teams of local and expatriate business advisors who work together to increase their clients' technical and functional knowledge. Advisors in local project offices work one-on-one with individual enterprises and strive to affect change on a meaningful and tangible level. Primarily, the team expands its capabilities through senior experts subcontracted through professional volunteer organizations like the Citizen's Democracy Corp (CDC), the International Executive Service Corp (IESC), and ACIDI/VOCA. The advisory team also benefits from partnerships with local consulting companies, international organizations, and cooperation with other donors.

PAST ACTIVITIES & RESULTS

During the first year of the project, Business Advisory Centers were piloted in Kyrgyzstan in Bishkek and Osh, in Uzbekistan in Fergana, and in Kazakhstan in Atyrau. During the first year, their activities focused on the private sector throughout northern and southern Kyrgyzstan and the Fergana Valley region of Uzbekistan.

Advisers conducted assessments within the SME sector that included collecting operational, financial, and managerial data. Over 420 assessments were completed during the first year of activity in Kyrgyzstan and 50 assessments in Uzbekistan.

The information gathered was organized in a database that stores information on business assessments and retrieves information, through queries, on issues such as training needs, problematic issues as reported by assessed companies and many more. Database data from the first year includes over 7600 individuals and over 3400 companies from Central Asia. Business Advisory Services also completed an analytical report on the SME situation in Kyrgyzstan using information from the project database. The information obtained from this can be used to further refine and target advisory services to meet the needs of current and potential clients.

The BAS team evaluated data gathered from the assessments and designed remedial activities that include the contribution of a locally based advisor who works with the individual company and assistance from experienced senior experts recruited worldwide. During the past year, senior expert volunteers participated in eleven assignments in Kyrgyzstan, Kazakhstan, and Uzbekistan. The assignments focused on assistance to small and medium enterprises in the brokerage, leverage, agricultural processing, tourism, and dairy industries. The topics included broker training and investment planning, supply-chain analysis, marketing, product quality improvement, policy analysis, distribution support, and quality management.

Over the past year, the Business Advisory team delivered specialized events such as a roundtable discussion on certification procedures, a financial planning seminar, a workshop on manufacturing and safety standards certification, a savings and investment seminar, a credit seminar, dairy trainings and workshops, workshops on how to form cooperatives, two ISO seminars, and a two-day Total Quality Management (TQM) seminar. Advisers participated with focused BAS seminars and shared their clients' training needs with the Business Training team.

"database data from the first year includes over 7600 individuals and over 3400 companies from Central Asia"

Resident consultants developed portfolios of select clients and provided one-on-one consulting. The scope of consulting services provided ranged from business planning assistance, to advice on customs and trade issues, to marketing planning and human resource management. In addition, advisors helped their clients in finding answers to legal and technical questions.

The Shoro company, known locally for the production of the national Kyrgyz beverage “maksym,” improved their deliveries, sales, and financial management through their work with the SME Development Project and the individual assistance of John Naman, a Senior Expert Volunteer. The company utilized the business training and accounting expertise of the project to complement John’s industry experience and form a comprehensive plan to fortify its operations. Specifically, the company consolidated their retail distribution system, reviewed their invoice and billing procedures, and provided training for staff in three departments within the company. The changes resulted in improved accounting practices that provided useful information for management, a better trained marketing and sales staff, and a 32% decrease in distribution costs.

BNC Securities Ltd, a local financial services company, gained access to a knowledgeable financial services expert who helped them develop a wider service offering. Norman Green, a volunteer of Citizen Democracy Corp (CDC), Pragma’s partner organization, has over 35 years experience working for one of the largest private pension funds in the United States. In the three months he worked in Bishkek, with BNC and two other companies, he assisted in the design of a broker’s training program, oversaw its initial implementation, participated in the creation of sales literature, and advised the company in the development of a strategic product marketing plan. But the biggest contribution Mr. Green made was one that was not initially anticipated—the creation and introduction of the first salary savings program available in Kyrgyzstan. BNC secured its first corporate customer, Areopag IT, in April, and currently has a portfolio of around 8 individual accounts, with each individual contributing anywhere from \$5 to \$50 per month.

Through their work with Poul Hansen, a senior executive volunteer with the USAID Small and Medium Enterprise Development Project, Mutabar Sut improved production and made better use of their resources. The company, a Ferghana Valley-based dairy processor specializing in the production of cheese, diversified its product offerings after realizing there was always a surplus of cream from the production of cheese. The cream could not be preserved for the time necessary to bring it to the market for sale, and thus was not producing any benefit for the company. Poul helped design a practical solution, use the surplus cream to produce butter, another product with a longer shelf-life. After working with Poul to develop a production system for the butter, Mutabar’s Danish-style butter met with high demand at the local market, selling 30 kilos per production day and increasing daily gross profit by more than ten percent.

The Business Advisory team will continue to expand services in Kyrgyzstan, Kazakhstan, Uzbekistan, and Tajikistan. The services will be offered through Enterprise Development Centers in each country in conjunction with the USAID/PRAGMA Trade and Investment Project and expanded to include trade assistance services, customs guidance, and Quality Management support. The Business Training component will provide support for these efforts through the creation of customized training events. For the duration of the project, business advisory services will provide:

- Assessment of business’s current position
- Resident Advisor consultations with clients
- International Senior Volunteer expatriate expertise to solve specific problems
- Access to a wide range of business information
- Trade linkages for increased opportunities for trade

SUCCESS STORIES



FUTURE ACTIVITIES

Business Training

OBJECTIVES

The goal of the Business Training component is to create opportunities for SME managers, entrepreneurs and decision-makers to obtain relevant and practical business knowledge and skills and expands the local training capacity in each of the Central Asian Republics.

BENEFICIARIES & PARTNERS

Business trainings benefit local training and consulting institutions, business skills trainers, managers, decision-makers and entrepreneurs.

PAST ACTIVITIES & RESULTS

Over the past year, the project worked with approximately 81 resident organizations throughout Central Asia who provided localized trainings. The majority consisted of privately owned training and consulting companies with significant experience working in the local market.

Throughout the past year, Pragma project staff screened and identified local training partners who could offer high-quality practical trainings. The review process revealed information such as previous training experience, professionalism, and potential.

The project reached a cumulative total of more than 6,600 attendees who participated in an average of sixteen hours of training for a total of over 111,000 training hours. Approximately 60% of participants were women. Certified local training partners and trainers provided all open-enrollment courses with class duration ranging from 16 to 24 hours, and a maximum class size of 25 people.

To standardize course curriculum and evaluate the qualification of trainers, the Project organized Training-of-trainers for all five republics on each of the following topics: Development of a Marketing Plan, Preparing a Business Plan, Analysis of Financial Statements for Non-accountant (Financial) Managers, Human Resource Management, and, in Kazakhstan, Customer Service. Thirty-six local trainers were certified through Training-of-trainer programs and now have the technical and pedagogical base to conduct non-technical trainings with continued Pragma support.

At the end of the first year, Pragma announced a contest for the "LTPs of the year" and "Trainer of the Year". Best training partner organizations and trainers received financial and equipment awards in recognition of their excellence.

Several measures were taken to evaluate the effectiveness of the trainings conducted by Local Training Partners. First, the project monitored training events and received feedback to evaluate effectiveness from the end-users' perspective and their perceptions of the strengths and weaknesses of the training materials and procedures. The project also cooperated with certified trainers and developed programs to improve course curriculum, materials, marketing and other training related issues.



"more than 6,600 attendees who participated in an average of sixteen hours of training"



"approximately 60% of participants were women"



Miralieva Tochinisso, Deputy Director of the Tajik LLP "AMR," instituted a new hiring policy, a new employee orientation procedure, a commercial secrets agreement, and a company ethics code, after attending the "Human Resource Management" course.

Alena Abdulkarimova credits the knowledge she gained from a "Marketing Planning and Sales Technologies" course as the main reason she was hired for a marketing specialist vacancy at an Uzbekistan joint-stock company specializing in agricultural processing and distribution. Using techniques learned in the course, she developed a plan to reduce distribution costs and increase sales in the ketchup production line that had been in decline over the past few years.

After attending the "Business Plan Preparation" course, Raikhan Baitemizova received approval by the local government to expand her pharmaceutical business farther from the city of Karkaralinsk, Kazakhstan. She is opening a new drug store in Eginchybulakskiy rayon and is planning to expand into wholesale medical supplies pending license approval.

Larisa Romanova, a Turkmen restaurateur, participated in a "Legal Environment for Small Business" course. Pragma courses helped her to learn more about modern ways of doing business, answered many of her questions about business techniques and gave her the opportunity to meet and establish partnerships. Larisa is now using the information from the course to guide her in her expansion activities: she opened a summer garden in front of her café where she is serving fast food to people hurrying to catch a bus and has begun to conduct theme nights at her café in order to increase business turnover during traditionally slower times.

Sharsheeva Nurgul Kanybekovna, an entrepreneur who together with her sister Sharsheeva Ainagul is engaged in the "shuttle" business trade in manufactured goods, participated in the "Business Plan Development" course offered by the Osh Technical University in Kyrgyzstan. This course enabled her to write a business plan which led to a micro-credit loan from the "Bai-Tushum" foundation for the amount of 40 000 Kyrgyz som.

During the second year, the project will continue its open-enrollment courses in Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan, including all previous topics with additional localized courses on Taxation and Legal Environment for SMEs.

New additions to the Business Training Component will focus on In-House Customized Training and Industry Specific Training in Uzbekistan, Kazakhstan, and Kyrgyzstan.

In-House Training will promote maximum impact by allowing for complete company participation - from top management down to line staff - and incorporate targeted benchmarks to measure success.

Based on the analysis of aggregated assessments from the Business Advisory Services, the Business Training Component will continue to identify and begin to design *Industry-specific courses* for clusters of enterprises to be delivered through local training partners in topics such as Supply Chain Management, Inventory Control, Operational Management and Quality Control.



SUCCESS STORIES

"After attending the "Business Plan Preparation" course, Raikhan received approval from the local government to expand her pharmaceutical business"

FUTURE ACTIVITIES

Accounting Reform

OBJECTIVES

The goal of the Accounting Reform component is to increase enterprise and economic efficiency by promoting the use of market economy accounting and financial management technology. The strategy for achieving this goal involves promoting adoption of International Accounting Standards (IAS), the training of accounting practitioners and users of accounting information, and support for the establishment of an accounting profession, including independent professional accounting organizations.

BENEFICIARIES & PARTNERS

Accounting reform has a wide impact on the business community. The various activities of the project directly impact practitioners, accountants, auditors, and professors of accounting and audit related fields. It also impacts users of accounting information, including managers, investors, lenders and government regulators. The resulting effect on business transparency and management practices impacts all types of institutions, organizations, businesses, and individuals.

PAST ACTIVITIES & RESULTS

During the past year, the project worked with a network of professional partners that consisted of accounting and auditing associations, unions, companies, higher education institutions and government regulators. To provide training, the project developed working relationships with twenty-nine local training partners throughout the Central Asian region.

Training, Testing and Certification of Professional Accountants

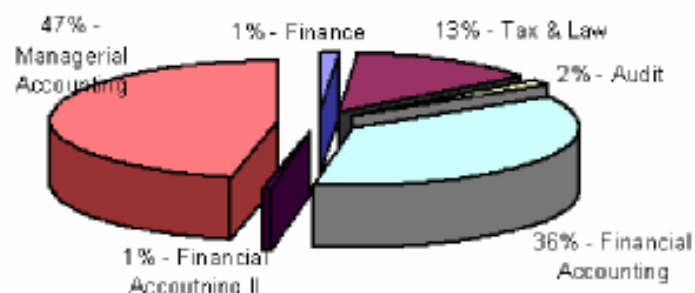
As part of the ongoing support for accounting reform in Central Asia, the project promoted regional economic and professional integration through a common training and certification framework. During the first year, the trainings included Financial Accounting I & II, Management Accounting I, Finance, Tax & Law and Audit.

More than 4,600 participants were trained in professional accounting courses that required a minimum of sixty hours of class time and concluded with a comprehensive, rigorous, independent, and voluntary exam. All courses complied with the International Federation of Accountants (IFAC) standards and the guidelines of the United Nations Council on Trade and Development/Intergovernmental Expert Working Group on International Standards of Accounting and Reporting (UNCTAD/ISAR). The Project based the curriculum on that of the Certified General Accountants of Canada (CGA), whose curriculum had provided one of the models for UNCTAD/ISAR.

The Project established a five-module regional professional certification exam for accountants. The project worked with the Qualifying Commission in Kazakhstan, which has statutory authority to establish professional certification requirements for auditors, to adopt the five-module program for auditors in Kazakhstan. During the first twelve months, the Project began introducing exam modules, in all the Republics



Year 1 Professional Accounting Training by Academic Area



Support for Professional Accounting Organizations

The SME Development Project created a program for the development of independent accountant and audit organizations in four of the five Republics. The project worked with national and regional professional accounting associations in Kyrgyzstan, Kazakhstan, Uzbekistan and Tajikistan to adopt certification programs as part of their technical requirements for full membership. Several of the most prominent associations in Central Asia have now adopted a transition plan for certifying members over the next few years.

In addition, Pragma provided support for institutional development for professional accounting and audit organizations. In particular, the SMED Project assisted professional associations in adopting Charters and By-laws that reflect world standards in governance and technical and professional requirements, based on guidelines promulgated by the International Federation of Accountants (IFAC), the world governing body for accountants.

The project supported The Chamber of Auditors in Kazakhstan, the Union of Accountants and Auditors in Kyrgyzstan, and collaborated with four associations to unite and form the Chamber of Accountants and Auditors (CAA) of the Kyrgyz Republic. Pragma provided a full range of advisory assistance to the CAA on the development and adoption of the by-laws including a charter, membership rules, general member meetings regulation, procurement policies, and staff policies. The project also provided technical assistance for the Uzbek Chamber of Auditors and for the Association of Accounts and Auditors in Uzbekistan to adopt a new charter compliant with the standards of the International Federation of Accountants. The association strengthened its constituency base when the independent regional associations converted to become branches of the national body. In Tajikistan, the project evaluated the charter of the Public Institute of Professional Accountants and Auditors and began a plan for testing and certification of members consistent with the regional framework.

The accounting reform team also supported the Central Asian Council for Accounting and Audit to further regional economic and professional integration. The project sponsored periodic meetings of the constituent members that focused on adoption of a regional professional accountant certification program and transformation of the Council into a legal entity. The Council comprises progressive professional accounting and audit organizations in four of the five Central Asian Republics and promotes the use of regionally harmonized accounting and audit standards as well as a professional certification program for the Central Asian Region.

Adoption of International Accounting Standards (IAS)

USAID and Pragma assisted the regulatory bodies in Kazakhstan and Kyrgyzstan in their conversion to full compliance with International Accounting Standards (IAS). This involved technical provision for government regulatory bodies as well as ensuring the development of the necessary supporting technical materials. In Kazakhstan, the project provided short-term technical assistance for the Ministry of Finance to promote full adoption of International Accounting Standards. In Kyrgyzstan, the project worked with the Asian Development Bank and the National Accounting and Audit Commission to achieve legal adoption of IAS in form and content in September 2001.

"adopting Charters and By-laws that reflect world standards in governance and technical and professional requirements"



SUCCESS STORIES

...adopt International Standards of Accounting in order to reflect operational and financial information precisely and in a transparent fashion.

The Association of Teachers of Business Disciplines (ATBD) in Uzbekistan, a local training partner for the SME Development Project accounting courses, developed partnership contacts with commercial banks such as Trustbank, Business Bank, and the National Bank For Foreign Economic Activities of the Republic of Uzbekistan. Through the association, the banks now offer training on the new chart of accounts for their clients. In this way, the banks improve and expand their service offerings for their customers while the customers improve their knowledge and put it in practice by participating in government reforms.

After passing the certification exams for the Financial I and Managerial I Accounting courses, Kurbonov Iskandar obtained the position of Chief Accountant at a Tajik-Italian JV Company. He was offered the position due to his knowledge of International Accounting Standards, pro forma financial statement preparation, in combination with previous knowledge of exchange rate hedging.

After participating in both the Financial I and Managerial I Accounting courses conducted by the Association of Teachers of Business Disciplines of Uzbekistan:

- Irina Khaliulina became the Chief Accountant of an international donor program;*
- Oksana Ognevchuk, the Chief Accountant at the Uzbek-American JV "Trans-Ameritech," instituted a new chart of accounts and created a breakeven point analysis for the company's multiple product lines;*
- Irina Bocharova, Chief Accountant of the Uzbek-Korean JV "Daewoo Unitel", introduced new budgeting practices and cost-based pricing methods for the companies service and support product lines*

Tatyana Sharova is the Deputy Chief Accountant at "Kyrgyzenergo" JSC. This company is strategically important for the Kyrgyz Republic because its challenges include developing a strategy to attract foreign direct investments for a vital sector of the economy. As part of this effort, "Kyrgyzenergo" has realized they need to change the soviet-style accounting system and adopt International Standards of Accounting. In order to learn how to reflect operational and financial information precisely and in a transparent fashion, the company sent Tatyana and forty other colleagues to the Financial Accounting Courses supported by the Small and Medium Enterprise Development Project. As a result of the knowledge acquired during the course, Tatyana introduced new methods of cost accounting, pricing, and "Cost-Volume-Profit" analysis at her company, increasing transparency and making the company more attractive for investors.

FUTURE ACTIVITIES

For the duration of the project, the accounting reform team will continue concentrating its effort to promote the adoption of International Accounting Standards, in form and in content, in Kazakhstan, Uzbekistan, Tajikistan and possibly Turkmenistan. A special effort will be made in Tajikistan and Turkmenistan, providing there is sufficient official interest, since accounting reform has hardly started in these two countries. In Kyrgyzstan, the project will work to ensure the implementation of the already adopted International Accounting Standards.

The project will complete the course and examination content and develop the institutional infrastructure for the regional examination and certification program at the Accounting Technician and Professional Accountant levels. This will increase the local knowledge base and provide potential accountant members for professional associations. In addition, the Project will focus more resources on promoting the adoption of the academic version of the accounting certification curriculum in Higher Education Institutions (HEIs) in all five CARs through working with Ministries of Education in each country.

Association Development

The main objective of the Association Development component is to strengthen the institutional and organizational capacity of business and professional associations in Central Asia who advocate for the interests of their members and provide critical services such as communication and training. Strong business associations provide services that create an environment for the interaction and networking of entrepreneurs and small and medium enterprises (SMEs) and give those engaged in business the opportunity to share best practices, identify issues, and propose solutions to common problems. These efforts encourage participation in government, thus increasing transparency, reducing corruption and making for a stronger and healthier business environment. Specifically, in the case of professional accounting and audit organizations, they promote and implement International Accounting Standards both in theory and practice.

This component of the project directly benefits business associations, training organizations, professional accounting and audit organizations, and their members. The project helps achieve:

- Improved management in the organization
- Organizational sustainability
- Better services for members and increased membership
- Improved capacity to advocate for change
- Technical and financial support for specific projects

The principal partner for association development activities is Counterpart International, an international NGO that works on the development of strong civil society and private enterprise by building the institutional capacity of local organizations. The project also partners with local and outside training and technical assistance providing organizations.

During the first year, the association development team screened, assessed and collaborated with business and professional organizations in Kyrgyzstan, Kazakhstan, Uzbekistan, and Tajikistan.

For the first stage of the project, thirty-one associations with over 10,000 members in four countries were selected for long-term individualized assistance. Selection was based on several criteria including their organizational interest in advocating for an improved business environment and the capacity or potential to deliver valuable services to their member businesses.

Business and professional organizations participated with the SMED Project in various ways. A group of organizations in each country received trainings on institutional strengthening topics including Strategic Business Planning, Building Financial Sustainability, and Financial Management. Each training event was preceded and followed by one-on-one consultations on individual programming concerns of the organization. The project also screened, selected, and supported organizations that contribute to our objectives in order to provide them with additional program-specific assistance, financial or otherwise, not covered through technical trainings and consultations.

As a result of the trainings and individualized support, long-term partner associations defined and documented their strategic vision and improved their financial control systems through the introduction of fundraising plans, account controls and the revision of reporting procedures. Most associations expanded their member services, geographical coverage, and increased membership for their organization.

OBJECTIVES

BENEFICIARIES & PARTNERS

PAST ACTIVITIES & RESULTS



SUCCESS STORIES

The Southern Kazakhstan branch of the Businesswomen's Association, along with nine other organizations, participated in a training session on Strategic planning. As a result of the training, they created a scope of work for the organization and worked out the rules of teamwork and posted them in every room of their office. They realized that the future could be planned by months, days and even hours. Until that time, they had overloaded work periods when they worked over 12 hours a day and then had work lags for days at a time where they operated without focus. Now, the director and other leaders in the organization can focus on strategic activities and participate in off-site meetings knowing the work will be carried out in time according to the team schedule posted back at the office. The training helped them to plan their work beforehand, divide responsibilities, and coordinate their activities in order to avoid creating bottlenecks in their work.



After obtaining new knowledge on strategic planning, business planning and fundraising at the seminars held by the SME Project, the Association of Families of Entrepreneur's in Bukhara prepared a business plan and the required documents to obtain a loan in the amount of 5,000,000 sum for the establishment of a branch - "Bakhshandabegim". Using their honed planning skills, the association created two additional branches in Fatzulla Khodjaevskiy and Textilniy rayons of Bukhara oblast. They also developed four new projects to establish training centers that will provide software literacy and foreign language trainings, carpet weaving training, and agricultural training for impoverished youth and unemployed individuals in the region.

After two training seminars on Strategic Business Planning and Building Financial Sustainability, the Committee of Private Entrepreneurs of the Kyrgyz Republic noticeably improved its operational efficiency and increased membership in the organization. The Committee of Private Entrepreneurs, a non-governmental organization uniting bazaar and market place wholesale and retail traders, small producers and individual entrepreneurs involved in import-export operations with neighboring countries, is institutionally weak, however it very actively advocates for its members protecting their social and economic rights, lobbying legislation, representing members in courts, and providing legal advice. The innovations that were introduced in the organization, following the trainings, included a new system of membership dues collection and agreements with consulting service providers on discounts for the Committee's members. By providing discounted training for their members, the Committee increases its attractiveness to new members and gives their members greater opportunity to acquire business skills. Members were organized into groups according to their trade specialization or work location. Organizing members into groups not only increased the efficiency of dues collection also serves as a great mobilization tool for other Committee's activities. Particularly, it will be very helpful in their advocacy efforts, allowing them to organize work teams focused on specific issues.

FUTURE ACTIVITIES

For the second year of the project, the SME Association Development team will continue institutional capacity building for business associations in the region. Specifically, the team will provide trainings on Organizational Governance, Management, Marketing, Member Services, Project Management and Evaluation, and Advocacy. In addition, the project has already started delivering program-specific support for the organizations and plans to offer seminars for individuals interested in starting their own business-based association. The project will also continue to support national business coalition and advocacy conferences in each of the four republics: Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan. The events will be held in partnership with several of the long-term assistance associations in each country. The objective of the conferences is to create awareness and understanding of critical obstacles and processes that deter entrepreneurship and business development and the role of business associations.

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*This publication has been made possible through the support of
the United States Agency for International Development (USAID)
and is intended solely for informational purposes*